focus on women

UNITED NATIONS

FOURTH WORLD CONFERENCE ON WOMEN — 4–15 SEPTEMBER 1995
BEIJING, CHINA
ACTION FOR EQUALITY
DEVELOPMENT AND PEACE

Women and Economic Decision-Making

Women will have to wait at least 450 years before they are represented in equal numbers with men in the higher echelons of economic power. At the current rate of progress, they will reach equality with men in decision-making positions only around the year 2465, reports the United States Fund for a Feminist Majority. A United Nations study puts the date even further away — around the year 2490!

Should women wait that long to achieve equality in economic decision-making?

No, they cannot and probably will not. There is overwhelming evidence indicating that women are pressing, individually and collectively, to assume positions of power on boards and as managers, in business and banking. They wish to influence the direction of the huge resources controlled by corporations, and have a voice in shaping our future. Women's meaningful participation in strategic decision-making, it is increasingly recognized, is not just good for women but good for organizations, business and society.

These points were among the conclusions of an Expert Group Meeting on Women and Economic Decision-making held in November 1994 in New York.

Convened by the United Nations Division for the Advancement of Women (DAW), the meeting was held in preparation for the Fourth World Conference on Women, which will be held in Beijing, China, from 4 to 15 September 1995. Promoting women's full and equal participation in power structures and decision-making at all levels and in all areas is one of the 11 critical areas of concern identified in the Conference's Draft Platform for Action. The Platform, which will serve as a blueprint for action by Governments and communities worldwide for women's advancement, is one of the major documents to be presented for adoption in Beijing.

Credit is due

Women constitute about half of the world's population. They do about 55 per cent of the world's work when unpaid economic activities in the household are taken into account. This is without even considering unpaid and unrecognized domestic services in households. Yet official statistics report a far lower number of women as "economically active", very often ignoring women's economic contributions to the household in agriculture and food processing and other goods production. Domestic services such as child-bearing, child-rearing, cooking and cleaning and family care are rarely recognized as having any economic value at all.

In India, only 29 per cent of women were reported as economically active in 1990. But when the data were re-analysed to follow the International Labour Organization (ILO) definition of economically active, the figure jumped to over 80 per cent, nearly the same as men, because of women's unrecognized and unpaid economic contributions at home.

Today, more women are working and being paid. According to the *1994 World Survey on the Role of Women in*

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Development, women are entering the formal labour market in unprecedented numbers, at a rate far greater than men. In fact, the *Survey* notes, the averages show that the ratio of women to men in the economically active population has almost doubled over 20 years.

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About 854 million women were estimated to be economically active worldwide in 1990, accounting for 32 per cent of the global labour force. Approximately one third (34 per cent) of all women aged 15 years and older are in the labour force.

Women are also playing an increasingly important role as small-scale entrepreneurs. In the United States, according to a paper presented at the DAW Expert Group Meeting, there are over 6.5 million enterprises with fewer than 500 employees that are owned or controlled by women. In China, one third of the total of 14 million self-employed are women. In Australia, one third of its small and medium-sized enterprises are owned by women and another 28 per cent jointly owned by men and women. In several West African counties and in Haiti, women play a key role in the trading sector as petty traders marketing basic foodstuffs and consumer goods.

In Togo and Ghana, the so-called "Mama Benz" women are proving to be a powerful business group. In a world otherwise dominated by men, these women — who own their own Mercedes Benz automobiles, hence the name "Mama Benz" — control much of the national cloth trade. With their counterparts in Zaire, Angola and other countries, these women exercise great influence on the national and cross-boundary trade.

Still not making decisions

Recently, Jane Royston went to Digital's European headquarters in Geneva, Switzerland, to tell a group of senior managers why they needed her small software company, Natsoft S.A. Created in 1987, her company was earning SF 6.4 million by 1993, an increase of 30 per cent from 1992, and employing 45 people (average age 32 and 25 per cent women). Recognized as the best businesswoman in Switzerland in 1993, she was sufficiently important and successful to keep the senior board members' attention. Most of them, however, were more than attentive: they were transfixed. The 35-year-old woman entrepreneur addressing them was not only brilliant, dynamic and creative, she was also nine months pregnant — and even that fact certainly did not seem to slow her.[1]

Businesswomen like Jane Royston are no longer oddities. More women are now sitting in corporate boardrooms, making policy decisions. But their number as decision makers is still very low compared to their number as workers. Globally, less than 20 per cent of managers and 6 per cent or less of senior management are women. The *Review and Appraisal of the Nairobi Forward-looking Strategies* and the *1994 World Survey on the Role of Women in Development*, both of which will be presented in Beijing as official documents of the Fourth World Conference on Women, show that female decision makers are often concentrated in such traditional sectors as education and nursing, but are scarce in top managerial posts at the executive level.

The proportion of women in top governmental decision-making positions (ministerial level or higher) is relatively low, comprising only 6.2 per cent of all ministerial positions. In economic ministries (including finance, trade, economy and planning ministries and central banks), women's participation is even lower, 3.6 per cent. In 144 countries, there are no women at all in these areas and at these levels. However, women's participation in public economic decision-making has increased. In 1987, no women held decision-making posts in economic ministries or central banks in 108 of the 162 Governments studied. By 1994, only 90 Governments out of 186 lacked women in these posts.

◆ At the corporate level, United States companies have a higher proportion of women managers (8 women for every 100 men) than companies in Asia and Europe (1 woman executive for 100 male executives). Most women managers are concentrated at lower levels of corporate decision-making, with the largest percentage found in the third tier, where 97 per cent and 61.5 per cent of women managers are found for United States and non-United States corporations, respectively.

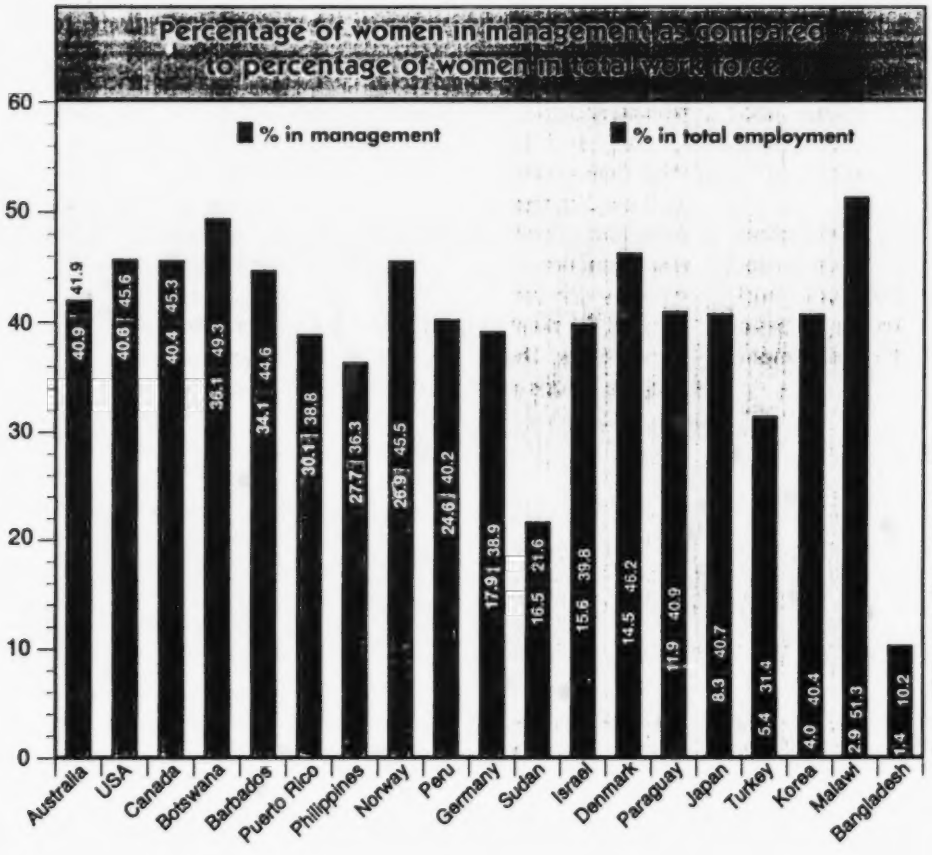
Why we need more women managers

ILO, which has been at the forefront of international efforts to promote the cause of women workers, notes that there are three reasons why it is important for women to play an equal role in decision-making.

First, it is a question of human rights. Women constitute about half the world's population and more than one third of the workforce. It is their right to have equality of opportunity and treatment in employment.

Secondly, it is a matter of social justice. Discrimination against women is at its harshest when it comes to employment.

Thirdly, it is an essential requirement for the acceleration and effectiveness of development, as women are able to contribute their abilities and creativity. They can also ensure a better balance in the allocation of resources and distribution of the benefits of progress.



Source: ILO Yearbook of Labour Statistics, 1992

The obstacles

The *1994 World Survey on the Role of Women in Development* identifies three factors leading to women's poor representation at the decision-making level, especially in the private sector: a predominantly male culture of management, the continuing current effects of past discrimination, and the lack of recognition of women's actual and potential contribution to economic management.

"Usually, if women gain access to entry-level jobs in large corporations, they tend to remain in the lower ranks and to be concentrated in women-dominated bureaucracies and management organizations. Women's choices tend also to be determined by gender-ascribed roles that thus limit their access to potential career posts", notes the *World Survey*.

What also works against women's professional advancement is the so-called "glass ceiling", an invisible but impassable barrier, formed out of biased work conditions and the male corporate culture. For example, employment rules, regulations

and performance evaluation systems tend to be gender-based. "Since conditions of work are largely constructed around the interests of men as employees and employers, they are often unsympathetic towards and unsupportive of the behaviour, roles and outlook of women. Biased attitudes are also embedded in the so-called corporate culture and take such forms as sexual harassment, the exclusion of women from developmental opportunities, the exclusion of women from formal and informal networks and the downgrading of women's skills", notes the *World Survey*.

In the United States, women's business start-ups fail 7 to 11 per cent more often than men's because of their lack of access to capital.

Other obstacles are more structural. Low levels of literacy and lack of opportunities for training are among them. For women in most developing countries, labour is their single most important resource; yet they often do not have the necessary skills to raise their productivity in both household and market-based production. Their access to such productive resources as capital, technology and land is limited. Though women's right to own land is recognized in many developing countries, their actual control of land is rare. Similarly, custom-bound laws of inheritance, ownership and control of property tend to work against women.

They also have to face such situational obstacles as their family responsibilities as mothers and wives. Strong negative views about women's ability to assume leadership positions add further barriers.

- In the United States, women's business start-ups fail 7 to 11 per cent more often than men's because of their lack of access to capital, reported the United States National Women's Business Council. In some countries, women need consent from their male relatives before applying for credit. Bankers often ask them to have a male co-signer.
- According to the International Fund for Agricultural Development (IFAD), only 5 per cent of the $5.8 billion in multilateral bank loans allocated to agricultural and rural development in developing countries reached rural women in 1990. In some African countries, women, who account for more than 60 per cent of the agricultural labour force, receive less than 10 per cent of the credit allocated to small farmers and 1 per cent of the total credit allocated to agriculture.
- Even when loans are given to women, very often they are appropriated by male members of the family. A recent study on loan use in Bangladesh, where several highly successful loan programmes for women are in operation, shows that in only 37 per cent of the cases do women retain full or significant control over loan use. In about 63 per cent of the cases, women have partial, very limited or no control.

The "glass ceiling" factor

The term "glass ceiling" was first coined by *The Wall Street Journal* in 1986 to describe the invisible barriers that stand between women and their rise to higher jobs. Though women have done very well in the United States — better than women in many other countries — the glass ceilings still remain.

Based on surveys of 4,000 senior executives in the United States, researchers of Stroock & Stroock Lavan recently found that it is not efficiency that matters most when considering the promotion of women executives. The combination of such factors as personality, networking ability, loyalty, integrity and political skill is more influential than efficiency alone.

Another study, conducted by the Center for Creative Leadership, found that women were not considered for difficult or international assignments because managers felt women would not be able to cope with the pressure. Women could be fully qualified, but often lost out to men because of such preconceived notions.

Breaking the "entrepreneurial mystique"

Yang Yurong, now 39, was the leader of the production team in charge of women's welfare in

a village cooperative in China's Guangxi region. In 1979, she decided to go into business. She borrowed 150 yuan and bought some ducklings and pigs. She also bought books on raising ducks and learned one or two "secret" tricks from her mother on the subject. The first batch of ducks she sold brought her two yuan apiece. With the money earned, she bought more ducklings. As her skill increased, so did her flock. In 1987, a large State-owned duck farm invited her to be a technical adviser. After eight months on the farm, she returned with 1,000 yuan, a wealth of experience and a bold new idea: to build a poultry farm all her own. She decided to raise a special kind of chicken known for its delicious meat but which was also most vulnerable to disease. She read books, attended lectures and experimented with new medicines. She also raised 100 geese, feeding them on a diet of fermented and cooked duck droppings mixed with vegetables. One year later, Yang's farm earned her more than 10,000 yuan.[2]

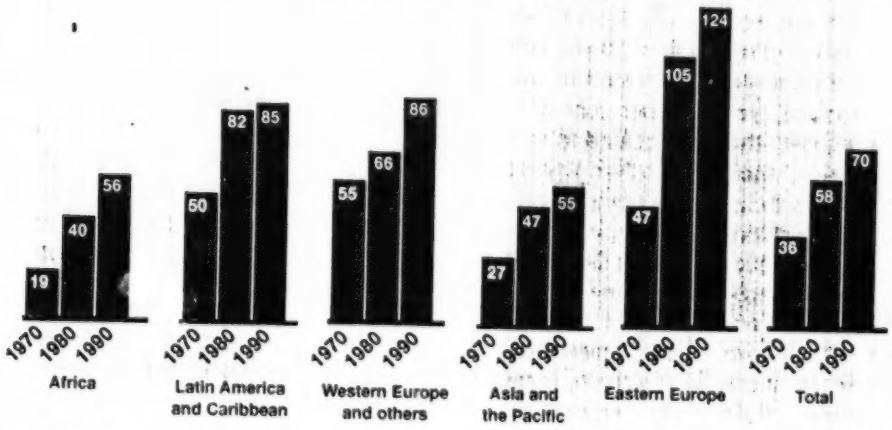
At a time when they face new opportunities and continuing risks, women like Yang are increasingly entering the ranks of management. They are overcoming obstacles, often through collective action, but mostly through individual talents and persuasiveness. They are proving that, with adequate training and support, they not only perform well, but may be better suited than men to modern management.

Naisbett and Auburdine, authors of *Megatrends 2000*, call the 1990s the Decade of Women in Leadership. The influx of women in the workforce will continue to change the dynamics of the workplace, they underscore. In place of the old, autocratic style of the 1960s and 1970s, corporations with an eye on surviving the present and thriving in the future will encourage entrepreneurial talent irrespective of gender.

The *1994 World Survey on the Role of Women in Development* is also encouraging, noting that there are indications of dramatic changes in the decades ahead. First, the participation of women in the formal employment market is increasing. Secondly, women are beginning to enter tertiary education in fields like law, business, and science and technology at a faster rate than men. As a result, the pool of entry-level executives will increasingly consist of women. Thirdly, as managerial styles change to become more flexible, women's skills are being recognized as important for business.

Average ratio of women to men in professional and technical and administrative and management occupations, 1970-1990

Number of women per 100 men



Source: *1994 World Survey on the Role of Women in Development.*

Levelling the playing field

Despite the obvious progress, women are still handicapped by their unequal access to the essential inputs and policy for entrepreneurial activity. Public action is needed "to level the playing field so that women can compete in the market on the same basis as men". The expert group meeting on women's economic decision-making, in

its final report, suggested specific measures to this end:

Transforming financial systems: To succeed as entrepreneurs, women should receive credit in their own right and be able to hold land and other assets.

- Governments should enact laws to give property rights to women. Finance ministries and central banks should encourage organizational as well as structural changes in financial systems, including reallocation of government and external funds for women entrepreneurs, and encourage setting up small- and micro-enterprise financing.
- Commercial banks should recognize the market potential of women in the small- and micro-enterprise sector and structure their services to reach women entrepreneurs.

Building capabilities and commercial links: To become successful entrepreneurs and managers, women need basic cash- and credit-management skills.

- Enterprise associations, business NGOs and national training institutes can provide women with training, advisory and monitoring programmes in these areas. Women also need advice on legal rights related to assets, land tenure and credit access.
- Women-owned microbusinesses can create collective ventures and forge links with larger women-owned business organizations. International networks of women's organizations should also develop monitoring, joint venture, technical and commercial linkages among women-owned enterprises within regions and globally.

Organizing for economic clout: Women should take action collectively and individually by using their economic power as workers, consumers, voters, managers, executives and entrepreneurs.

- They can use their vote to increase the number of women in public life. They can create pressure groups at various levels to influence official decision-making.
- Women's managerial and entrepreneurial organizations may also forge alliances to raise women's representation in all economic decision-making forums.
- Databases should be developed to highlight potential role models in all sectors, including business. Institutions at national and international levels should be committed to developing gender-desegregated data defining the magnitude of women's economic contribution and the gaps between policies and practices.

Women themselves must take steps as individuals to get ahead, according to Marion Gétaz, Founder and President of the Women's Institute of Management in Lausanne (Switzerland). "It is up to them to demand the necessary supplementary training and education and to make sure that they are not permanently excluded from career advancement", Ms. Gétaz told ILO's *World of Work* magazine.

[1] From a paper presented at DAW Expert Group Meeting, 5-11 November 1994, by Claire L. Bangasser.
[2] Story adapted from "Rural Women in China", published by the International Fund for Agricultural Development, Rome, 1994.

Published by the Department of Public Information
Printed on recycled paper by the United Nations Reproduction Section, New York
DPI/1611/Wom — 95-10389 — April 1995